MULTIMEDIA UNIVERSITY

STUDENT IDENTIFICATION NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2015/2016

BFN3204 – CREDIT ANALYSIS AND LENDING MANAGEMENT

(All sections / Groups)

1st MARCH 2016
9 am – 11am
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This Questions paper consists of 1 page with 4 Questions only.
2. Attempt **ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided.

QUESTION 1

(a) Briefly explain **FOUR (4)** elements on how the corporations could avoid themselves from being insolvent or bankrupt. (20 marks)

(b) How does Retail Credit differ from Cash Credit? (5 marks)

(Total: 25 marks)

QUESTION 2

(a) How does the industry growth rate and differentiation influence the competition among the existing firms within the industry? (10 marks)

(b) In your opinion, why some of the loans are not approved by the bank? Please explain **THREE (3)** reasons why the bank rejects the loans. (15 marks)

(Total: 25 marks)

QUESTION 3

(a) Discuss **FIVE (5) C's** of Credit Analysis. (20 marks)

(b) How the below factors measure the credit qualities investigation? Please explain.

(i) Income (2.5 marks)
(ii) Indebtedness and expenditure (2.5 marks)

(Total: 25 marks)

QUESTION 4

Credit and collection departments are often judged by their ability to minimize risk.

(a) How to reduce payment risk in the company receivables portfolio by upgrading its internal policies and procedures? Discuss **FOUR (4)** techniques to mitigate this risk. (16 marks)

(b) Explain **THREE (3)** benefits of having automated collection support. (9 marks)

(Total: 25 marks)

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